

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA
Civil No. 0:24-cv-02944-KMM-JFD

United States of America,

Plaintiff,

v.

1. Evergreen Recovery Inc.;
2. Evergreen Mental Health Services Inc.;
3. Ethos Recovery Clinic Inc.
4. Second Chances Recovery Housing Inc.;
5. Second Chances Sober Living, Inc.;
6. David Backus;
7. Shawn Grygo; and
8. Shantel Magadan,

**STIPULATION
REGARDING THE
CESSATION OF
PAYMENT**

Defendants.

This Stipulation between the United States of America, Defendants Shawn Grygo and David Backus (hereinafter “Defendants”), and Receiver Ranelle Leier, appointed by this Court to represent the interests of the Evergreen Entities¹ in this matter, ECF No. 44, (collectively (the “Parties”), is intended to memorialize an agreement between the Parties to cease payments being made from Defendants’ frozen assets, being held by the Receiver, to Defendants.

1. On October 3, 2024, the Court issued an Order permitting Defendants to sell some personal assets, under specific terms and conditions, to pay living expenses. Dkt. 59. The Court’s order provided that “Ms. Grygo and Mr. Backus may retain the value of the assets, not to exceed the total of \$32,500, which represents \$6,500 per month for the months

¹ The Evergreen Entities are Evergreen Recovery Inc., Evergreen Mental Health Services Inc., Ethos Recovery Clinic Inc., Second Chances Recovery Housing Inc., and Second Chances Sober Living Inc.

of August through December. Any excess funds beyond that amount are subject to deposit with the receiver, at the receiver's discretion."

2. On November 13, 2024, Grygo and Backus sold four four-wheelers and a trailer for \$23,000. On November 15, 2024, Grygo and Backus sold a pontoon boat for \$100,000.

3. Pursuant to the Court's order, Backus and Grygo gave the purchase proceeds exceeding \$32,500—a total of \$90,500—to the Receiver.

4. It is the government's position that the entire \$90,500 then was to be held by the Receiver for the government and that no further distributions were to be made to Backus and Grygo.

5. Grygo and Backus's request to the Court sought permission to sell personal assets and use the proceeds for monthly living expenses. Dkt. 56. The government's response to this request included a calculation of the IRS standard for monthly living expenses of a family of four in Washington County, Minnesota. Dkt. 58. The Receiver interpreted the Court's Order granting Grygo and Backus's request as providing for a \$6,500 per month living expense payment for Defendants.

6. Pursuant to the Receiver's understanding, the Receiver continued to make distributions to Grygo and Backus of \$6,500 monthly for the months of January through April 2025.

7. When the government learned of these payments it objected to them. The government recently told Defendants it was going to move the Court to cease these

payments. To avoid further litigation over this issue, however, the Parties have reached a compromise.

8. Therefore, the Parties agree that:

- a. The Receiver may make one further payment of \$3,000 to Defendants from the frozen assets the Receiver is holding;
- b. After this single payment of \$3,000 all further payments being made to Grygo and Backus will cease, except for the mortgage payment outlined in paragraph 9 of the Court's Preliminary Injunction Order, ECF No. 44;
- c. Other than the mortgage payment described above, the Receiver will make no further distributions to Defendants absent either a Court order or the express prior written consent of the government.

9. Counsel for Defendant Shantel Magadanz has indicated that Ms. Magadanz does not oppose the Parties' agreement.

10. The Parties represent and warrant that they are fully authorized to execute this agreement as indicated below.

[Signature Page Follows]

Dated: April 25, 2025

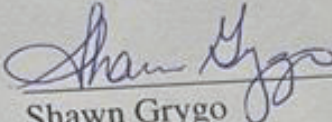
LISA D. KIRKPATRICK
Acting United States Attorney

s/ Emily M. Peterson

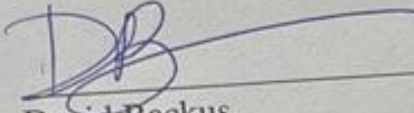
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Attorneys for United States of America

Dated: April 30, 2025


Shawn Grygo

Dated: April 30, 2025


David Backus

FOX ROTHSCHILD LLP

Dated: April 25, 2025

/s/ Ranelle Leier

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Chances Recovery Housing Inc., Second
Chances Sober Living, Inc.